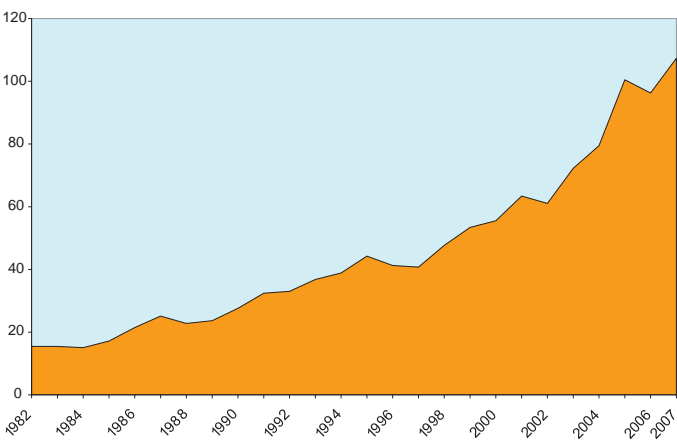


U.S Direct Investment Position in Germany, 1982-2007 (billions of dollars)



• The U.S. has quadrupled its investment in Germany since the Wall fell.



Mission Germany – Embassy Berlin and the five Consulates



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# THE GERMAN-AMERICAN PARTNERSHIP: BENCHMARKING SUCCESS



Introduction by U.S. Ambassador:  
*We Should Open Our Eyes!*

*Most of the troops may be long gone, but the U.S.-German relationship remains strong and vibrant with our two nations more interdependent and integrated than ever before. American investment in Germany has grown more than four times since the Berlin Wall fell, whereas German investment in the U.S. has soared an astounding seven times in the same period. It's not just dollars and cents. Behind these numbers stand people, jobs, technology, and cultural exchange – all the elements of a mature and deep bilateral partnership. Employees, exchange students, and tourists are the new diplomats who irrevocably bind our countries together in a relationship that is enormously profitable to both sides.*

*The relationship and its challenges have indeed changed profoundly with the end to the division of Europe and the rapid acceleration of globalization. Yet for too long we have ignored the great benefits to our people that come from our growing economic interaction. While mutual security concerns continue to bind us, today we have become partners in each other's economic future. This has enriched our citizens and greatly increased our people-to-people relationships.*

*Our bilateral economic partnership is one of the largest and most important in the world. The U.S. Embassy has gathered the facts to prove it. The levels of connectivity that link our two countries through trade and investment, business, science, cultural and military partnerships, as well as people-to-people ties, are so broad and so deep – and often so seamless – that they are taken for granted. Sometimes difficult to measure, they are the benchmarks of a successful, bilateral partnership able to meet the challenges and responsibilities of the 21<sup>st</sup> century.*

William R. Timken, Jr.  
U.S. Ambassador to Germany

## Benchmarking Success

The U.S. Embassy with the cooperation of a wide variety of institutions and individuals on both sides of the Atlantic has undertaken a study to capture both the depth and breadth of U.S.-German economic integration. This brochure is designed to highlight the many ways in which this defines the current relationship.

Consider first the business connection. Together, German companies in the U.S. and American companies operating in Germany control over \$1 trillion in assets. Bilateral trade intensifies these enormous investment underpinnings. Technology also drives growth, as there is extensive crossover in private and public sector R&D between the United States and Germany. More and more jobs in both of our countries depend on this relationship. Add the multiplier effect of these jobs, and the stimulus to both economies is enormous.

Then there are the people-to-people connections. Since the end of World War II, over 15 million American soldiers and their dependents have served and lived in Germany, resulting in an unprecedented level of integration between our two countries. Today, business and educational connections are building on that trend. The United States and Germany are top-ranked cross destinations for traditional educational exchange programs, as well as short-term study projects and internships. The United States and Germany are also top-ranked cross tourist destinations.

The data consistently demonstrate that the U.S.-German relationship is richer, more diverse and more productive than at any time before. A snapshot follows:

Investment: Underpinning the Relationship

The size and growth in foreign investment is perhaps the most significant factor leading to our deep integration. Three hundred U.S. companies have invested in the eastern states, making the U.S. the top investor there. By the same token, America is the top investment target for German businesses. Altogether U.S. company affiliates hold assets worth over \$400 billion. German affiliates in the U.S. control even greater assets at over \$600 billion – dwarfing exports to the U.S.

Capital Markets: Growing Rapidly

The acquisition of stock equities has also accelerated dramatically. Since 2001, U.S.-based investors' share grew from just over 2% to almost 20% of German public equities. In 2007 alone, U.S. investors bought more German stocks than they had over the entire past decade. As of June 2007, the German stock exchange lists more than 3,300 U.S. stocks; German investors held \$100 billion in U.S. equities and \$266 billion in overall U.S. securities.

Trade: Increased Investment Stimulates Trade

Rapidly accelerating investment between the two economies fuels the boom in two-way trade. The tight linkages between parent U.S. and German companies and their affiliates are reflected in that nearly two thirds of U.S. imports from Germany consist of intra-firm trade. About one third of U.S. exports to Germany similarly consist of intra-firm trade. The U.S. ranks among the top five export markets for 13 of Germany's 16 states, for a total of about \$100 billion annually.



Jobs: Increasingly Working for Each Other

More and more jobs in our countries stem from expanding trade and investment. 670,000 Americans (approximately 1 in 200 private sector employees) now work for German firms in the U.S. while 800,000 Germans have jobs with American companies (1 in 35 private sector dependent employees). This is part of a broader transatlantic economy that generates \$4 trillion in total commercial sales a year and employs up to 14 million workers in mutually “in sourced” jobs on both sides of the Atlantic.

R&D Collaboration: Vital Links Growing

Scientific advances and product development have enormous multiplier effects. Public R&D investment supports basic scientific research carried out in university-affiliated research laboratories, but it is in the private sector where these ideas are transformed into innovations that increase productivity and support the standard of living we enjoy. Germany and the U.S. have made particular progress in the fields of alternative energy, the life sciences, and engineering.



- In the 21st century, energy security will be defined by environmental responsibility and innovation. German-American cooperation in the field of wind and solar energy has resulted in an estimated \$1 billion in cross investment, the implementation of alternative environmental technologies, and the creation of good jobs in both countries.
- German and American researchers are working together on projects to advance treatment of cancer, diabetes, muscular dystrophy, immune deficiencies, and other diseases. Advances in bioinformatics, computer tomography, and embryonic cell replacements are also a product of joint research efforts.

Employees, Tourists & Students: The “New Diplomats”

One of the most telling indicators of the close bonds between the U.S. and Germany is the extensive travel between the two countries. Business connections, tourism and exchanges provide the foundation for improved cultural understanding and language skills, and the development of enduring relationships, as well as measurable economic spin-offs.



In 2007 American visitors to Germany accounted for 4.7 million overnight hotel stays and spent \$5.7 billion. Meanwhile, 1.4 million travelers from Germany visited the United States the same year. They spent \$5 billion, generating jobs and profits for travel agents, hotel and restaurant workers, airlines and auto rental agencies on both sides of the Atlantic.

Exchanges between the U.S. and Germany are the highest in Europe. Over 30,000 German and American high school and university students study in each other's countries annually for an entire academic year; thousands more participate in short term programs, internships and research projects. Many Germans began their U.S. connection in high school exchange programs; their children are now renewing the relationships their parents began as students.

People-to-People: More and More Connections

Numerous collaborative partnerships, both public and private, sustain and add momentum to bi-national exchange programs. Both the German Fulbright Commission and the German-American Partnership Program are the largest government-supported exchange programs of their type worldwide. But while government-supported exchanges are important, the number, variety, and impact of private programs – arranged through sister city and school partnerships, sports and music groups, corporate and commercial organizations – are far greater. A recent survey by American Chamber of Commerce in Germany shows that U.S businesses in Germany contribute to numerous educational and community initiatives at the local, regional and national level.

U.S. Military and Government Presence

The U.S. military presence continues to be an important source of revenue in Bavaria, Baden Wurttemberg, Rhineland-Palatinate, and Hesse. The U.S. military employs 16,000 local hires. Direct U.S. military expenditures total \$5 billion, and that does not include the full economic impact of the 72,000 U.S. military personnel who live and work in Germany.



The U.S. Embassy and the five U.S. consulates in Germany have contributed an additional \$700 million to the German economy in recent years and employ more than 700 locally engaged staff. In addition, more than 40,000 residents in Germany receive U.S. retirement and other benefits totaling more than \$250 million annually.

Pooling Our Strengths

The positive aspects of globalization – the broad circulation of ideas and technology, people and financial resources, goods and services – enable the best ideas and solutions to address problems the world over. The United States and Germany support the largest and second largest workforces worldwide through their foreign affiliates: U.S. affiliates employ 9 million workers while German affiliates employ 4.6 million worldwide.

Government and nonprofit entities have long played the leading role in fostering economic development, but the traditional “donor-to-recipient” model of foreign aid is being supplemented by public-private partnerships. With total spending of \$23.5 billion in 2006, the U.S. was the largest provider of official development assistance (ODA). Germany, along with the UK, Japan, and France, each spent from \$10.5 to \$12.5 billion.

U.S. private financial flows — investment, philanthropy, and remittances — is, however, more than four times higher than ODA. This accelerates dramatic, positive changes in the developing world, including poverty reduction, job creation, increases in productivity and a skilled labor force, health and nutrition gains – and the rise of a civil society that underpins democratization, human rights, and sustainable development.